

§ 50.21

(1) Make available, in all of its property and casualty insurance policies, coverage for insured losses; and

(2) Make available property and casualty insurance coverage for insured losses that does not differ materially from the terms, amounts, and other coverage limitations applicable to losses arising from events other than acts of terrorism.

(b) *Program Year 3—calendar year 2005.* In accordance with the determination of the Secretary announced June 18, 2004, an insurer must comply with paragraphs (a)(1) and (a)(2) of this section during Program Year 3.

(c) *Program Years 4 and 5—calendar years 2006 and 2007.* Under section 103(c) of the Act, an insurer must comply with paragraphs (a)(1) and (a)(2) of this section during Program Years 4 and 5.

(d) *Program Years thereafter.* Under section 103(c) of the Act, an insurer must comply with paragraphs (a)(1) and (a)(2) of this section during Program Years 2008 through 2014.

(e) *Beyond 2014.* Notwithstanding paragraph (a)(2) of this section and § 50.23(a), property and casualty insurance coverage for insured losses does not have to be made available beyond December 31, 2014, even if the policy period of insurance coverage for losses from events other than acts of terrorism extends beyond that date.

[71 FR 27570, May 11, 2006, as amended at 73 FR 53364, Sept. 16, 2008]

§ 50.21 Make available.

(a) *General.* The requirement to make available coverage as provided in § 50.20 applies to policies in existence on November 26, 2002, and new policies issued and renewals of existing policies during the period beginning on November 26, 2002 and ending on December 31, 2002, and in any Program Year thereafter. Except as provided in paragraph (c) of this section, the requirement applies at the time an insurer makes the initial offer of coverage as well as at the time an insurer makes an initial offer of renewal of an existing policy.

(b) *Offer consistent with amended definition of act of terrorism.* An insurer must make available coverage for insured losses in a policy of property and casualty insurance consistent with the definition of an act of terrorism as

31 CFR Subtitle A (7–1–12 Edition)

amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 beginning with the first initial offer of coverage or offer of renewal of the policy made on or after December 26, 2007. Notwithstanding this requirement, if an insurer makes an offer of coverage on or after December 26, 2007 on a policy that is in mid term, then the insurer must make available coverage for insured losses consistent with the definition of an act of terrorism.

(c) *Rules concerning extension of Program.* (1) *Special Program Year 4 requirement for certain new policies issued and renewals of existing policies in Program Year 3.* If coverage for insured losses under a policy of property and casualty insurance (as defined by the Act, as amended) expired as of December 31, 2005, but the remainder of coverage under the policy continued in force in Program Year 4, then an insurer must make available coverage as provided in § 50.20 for insured losses for the remaining portion of the policy term in the manner specified in paragraphs (e)(1) and (e)(2) of this section. This requirement does not apply if during Program Year 3 a policyholder declined an offer of coverage for insured losses made at the time of the initial offer of coverage or offer of renewal of the existing policy.

(2) *Special 2008 requirement for certain policies where coverage expired.* If coverage for insured losses under a policy of property and casualty insurance expired as of December 31, 2007, but the remainder of coverage under the policy continued in force in 2008, then an insurer must make available coverage as provided in § 50.20 for insured losses for the remaining portion of the policy term in the manner specified in paragraphs (e)(1) and (e)(4) of this section. However, if a policyholder declined an offer made by an insurer for such coverage expiring as of December 31, 2007, then the insurer is not required to make a new offer of coverage for insured losses before any offer of renewal.

(d) *Changes negotiated subsequent to initial offer.* If an insurer satisfies the requirement to “make available” coverage as described in § 50.20 by first

making an offer with coverage for insured losses that does not differ materially from the terms, amounts, and other coverage limitations applicable to losses arising from events other than acts of terrorism, which the policyholder declines, the insurer may negotiate with the policyholder an option of partial coverage for insured losses at a lower amount of coverage if permitted by any applicable State law. An insurer is not required by the Act to offer partial coverage if the policyholder declines full coverage. See § 50.24.

(e) *Demonstrations of compliance.* (1) *No contract.* If an insurer makes an offer of insurance but no contract of insurance is concluded, the insurer may demonstrate that it has satisfied the requirement to make available coverage as described in § 50.20 through use of appropriate systems and normal business practices that demonstrate a practice of compliance.

(2) *Policy periods beginning in Program Year 3.* If an insurer must make available coverage for insured losses as required by paragraph (c)(1) of this section for a policy whose coverage period began in Program Year 3 but extends into Program Year 4, then the insurer must be able to demonstrate to Treasury's satisfaction that it has offered such coverage by January 1, 2006, or as soon as possible following that date.

(3) *Coverage becoming effective in Program Year 4.* If an insurer processed a new policy or policy renewal in Program Year 3 for coverage becoming effective in Program Year 4, but did not make available coverage for insured losses as required by § 50.20 by January 1, 2006, then the insurer must be able to demonstrate to Treasury's satisfaction that it has provided an offer of coverage for insured losses as soon as possible following that date.

(4) *Coverage expired as of December 31, 2007.* If an insurer must make available coverage for insured losses under the circumstances described in paragraph (c)(2) of this section, the insurer must be able to demonstrate to Treasury's satisfaction that it has offered such coverage as soon as possible following January 1, 2008.

(5) *Coverage becoming effective in 2008.* (i) *No coverage.* If an insurer processed

a new policy or policy renewal in 2007 or in the first three months of 2008 for coverage becoming effective in 2008, but did not make available coverage for insured losses as required by § 50.20(a), then the insurer must be able to demonstrate to Treasury's satisfaction that it has provided an offer of coverage for insured losses as soon as possible following January 1, 2008.

(ii) *Not consistent with amended definition of act of terrorism.* If an insurer made an initial offer of coverage or offer of renewal on or after December 26, 2007 for a policy term becoming effective in 2008, and made available coverage for insured losses, but the scope of the coverage for insured losses in the offer was not consistent with the definition of an act of terrorism as amended by the Terrorism Risk Insurance Program Reauthorization Act of 2007, then the insurer must be able to demonstrate to Treasury's satisfaction that it has provided a new offer of coverage as soon as possible following January 1, 2008. If an insurer made an initial offer of coverage or offer of renewal before December 26, 2007, for a policy term becoming effective in 2008, and the insurer made available coverage for insured losses in compliance with the Act and the definition of an act of terrorism in effect at the time of the offer, then the insurer is not required to make a new offer of coverage before the policy is due to be renewed by its terms, regardless of whether the offer was accepted or rejected.

[73 FR 53364, Sept. 16, 2008]

§ 50.23 No material difference from other coverage.

(a) *Terms, amounts, and other coverage limitations.* As provided in § 50.20(a)(2), an insurer must offer coverage for insured losses resulting from an act of terrorism that does not differ materially from the terms, amounts, and other coverage limitations (including deductibles) applicable to losses from other perils. For purposes of this requirement, "terms" excludes price.

(b) *Limitations on types of risk.* If an insurer does not cover all types of risks, then it is not required to cover the excluded risks in satisfying the requirement to make available coverage